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Thirteenth annual progress report on the implementation of the capital master plan

Report of the Secretary-General

Summary

The thirteenth annual progress report on the implementation of the capital master plan is submitted pursuant to section II, paragraph 34, of General Assembly resolution 57/292. The report provides an update on the status of the project since the issuance of the twelfth annual progress report (A/69/360) and responds to requests contained in section VIII, paragraphs 9 to 14, of Assembly resolution 69/274.

The capital master plan was substantially completed in September 2014, in time for the opening of the sixty-ninth session of the General Assembly. From September 2014 until the time of preparation of the present report, the Office of the Capital Master Plan continued with the post-renovation activities and the financial and administrative close-out of the project.

Following the closure of the Office of the Capital Master Plan in July 2015, responsibility for implementing the remaining activities of the capital master plan — the removal of the temporary North Lawn Building, final landscaping and the security-related work at the 42nd and 48th Street entrances to the Service Drive — and any remaining financial and administrative close-out tasks has been transferred to the Office of Central Support Services.

The cost of all the post-renovation construction and close-out activities will be met from within the existing approved resources of the capital master plan project.

The financial position of the project remains consistent with the projection presented in the twelfth annual progress report (A/69/360), taking into account the decisions of the General Assembly in its resolution 69/274.

* A/70/150.

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As at 30 June 2015, the cost to complete the capital master plan project was projected to be $2,150.4 million (excluding the renovation of the Dag Hammarskjöld Library Building and the South Annex Building in accordance with General Assembly resolution 69/274), in line with approved resources in the same amount. Approved resources comprise the original budget of $1,876.7 million and donations of $114.3 million, plus interest income and the working capital reserve fund of $159.4 million, excluding associated costs and the cost of the secondary data centre in the amount of $158.9 million. At this point in time, with the closure of the Office of the Capital Master Plan, and over 99 per cent of the funds expended, the final cost overrun of the capital master plan is $159.4 million, which represents an 8 per cent overrun compared to the approved original budget and donations.

The capital master plan has achieved its objective of renovating and modernizing the Headquarters compound during the construction phase, which ran from 2008 to 2014, despite the challenge of engineering a major upgrade of security standards in 2010 which required an additional year of redesign and construction work. The project also had to cope with the effects of Storm Sandy in 2012.

Table 2 of the Secretary-General's fifth annual progress report (A/62/364) showed the planned completion date of the capital master plan as being mid-2013. The renovation of the Headquarters was substantially completed by September 2014, when the general debate was able to be held in the renovated General Assembly Building and all the buildings in the adjusted scope of the project were occupied. This represents a delay of one year, which reflects the time spent to design and install the enhanced security upgrade, as well as to address the effects of Storm Sandy.

The many lessons learned and the experience gained during this unprecedented undertaking will be applied to future construction projects managed by the Secretariat.

I. Overview

1. The recently completed capital master plan has been the largest and most comprehensive construction and renovation project undertaken by the United Nations.

2. The project has met its objectives of honouring and preserving the original historic design of the Headquarters, while at the same time modernizing the facilities to meet current accessibility, safety, security and technological standards.

3. Planning for the capital master plan commenced in 1999, the Office of the Capital Master Plan was established in 2002 and the construction phase of the project spanned the period from 2008 to 2014.

4. The General Assembly requested the Secretary-General to submit annual reports on the progress, schedule, projected cost to completion, and financial status of the capital master plan. The present report is the thirteenth of such reports to the Assembly.

5. Since the issuance of the twelfth annual progress report (A/69/360) in August 2014, the General Assembly Building was completed and opened in time for the opening of the sixty-ninth session of the Assembly in September 2014 and most of the remaining work in other portions of the campus was completed between October 2014 and June 2015.

6. Several minor post-renovation construction activities have extended beyond the life of the Office of the Capital Master Plan, which closed in July 2015. These remaining activities will be managed by the Office of Central Support Services, with projected completion in late 2016.

7. The final cost of the capital master plan is $2,150.4 million.[1] The amounts of $139.8 million and $15.0 million previously advanced by the Office of the Capital Master Plan to cover the associated costs and the secondary data centre, respectively, have now been financed separately by the General Assembly in accordance with its resolution 69/274. The following sections of the present report respond to the requests contained in section VIII, paragraphs 9, 11, 12, 13 and 14, of that resolution.

II. Project strategy and status

8. With the substantial completion and occupancy of the General Assembly Building in September 2014, the capital master plan started to draw to a close. Remaining work undertaken during the first half of 2015 included the opening of the visitors' concourse in January 2015, perimeter security work on First Avenue and the final completion of basement systems. The financial close-out of the project, which included the closure of open guaranteed maximum price contracts with the construction company, and payment of the major final invoices, also took place during the first half of 2015.

[1] The increase of $0.4 million compared to the amount presented in document A/69/360 reflects voluntary cash contributions from some Member States to cover costs associated with the repair and maintenance of their in-kind contributions to the Organization.

9. The Office of the Capital Master Plan worked closely with the Procurement Division for the specification of work and contracting process for the demolition and removal of the temporary North Lawn Building, the final landscaping of the North Lawn and the remaining security-related works at the 42nd and 48th Street entrances to the Service Drive. That work is anticipated to start in 2015, but will not be completed until 2016, as described in sections III and IV below.

10. The project budget for the capital master plan in the amount of $1,876.7 million was approved by the General Assembly in December 2006 in its resolution 61/251. The decision was based on the selection of the Secretary-General's recommended accelerated strategy IV, which was approved by the Assembly in December 2007 in its resolution 62/87, with no increase in the project budget it had approved the previous year.

11. Accelerated strategy IV and the enhanced security upgrade funded by a contribution of $100 million from the host country required the following tasks to be undertaken, all of which have been completed as at the date of submission of the present report:

(a) Leasing and fitting out off-site office swing space;

(b) Moving office functions to swing space;

(c) Renovating the Secretariat Building in its entirety;

(d) Reoccupying the Secretariat Building;

(e) Constructing a temporary building on the North Lawn for conferences, related support and certain offices;

(f) Emptying the Conference Building by relocating meetings to the temporary North Lawn Building;

(g) Renovating the Conference Building in its entirety, including executing the enhanced security upgrade subproject to strengthen the building;

(h) Returning conferences and offices to the Conference Building;

(i) Altering the temporary North Lawn Building to merge two rooms into a single space for an interim General Assembly hall;

(j) Renovating the General Assembly Building, through substantial completion of construction;

(k) Returning the General Assembly functions to the General Assembly Building;

(l) Completing the construction of and utilizing the new south screening building, as well as the installation of bollards and other security devices on First Avenue between 42nd and 45th Streets and 47th and 48th Streets;

(m) Final completion of activity in the General Assembly Building;

(n) Final completion of the north screening building and installation of bollards and other security devices on First Avenue between 45th and 47th Streets.

III. Project schedule

12. The capital master plan has maintained the overall schedule reported in table 2 of the twelfth annual progress report (A/69/360). The current status of the schedule is presented in table 1 below.

13. Depending on successful contractual negotiations with the preferred vendor, construction activity for the remaining work relating to security on 42nd and 48th Streets is scheduled to commence in late 2015, with completion by late 2016.

14. Renovation of the Dag Hammarskjöld Library Building and the South Annex Building has been suspended because of security concerns, as reported to the General Assembly during its sixty-ninth and prior sessions, and future proposals will be submitted for approval to the Assembly outside of the scope of the capital master plan, in accordance with section VIII, paragraph 14, of Assembly resolution 69/274.

15. The temporary North Lawn Building will be demolished in accordance with the mandated scope of the project. On the basis of a request from the Department for General Assembly and Conference Management, in order to accommodate requirements during the general debate of the seventieth session, the commencement of the demolition of the North Lawn Building has been postponed until after the conclusion of the general debate. As at the date of preparation of the present report, planning for the demolition and removal of the building is under way, and a request for proposal has been issued to vendors. Depending on successful contractual negotiations with the selected vendor, the demolition project is expected to commence in October 2015 and to be completed in early 2016, followed by landscaping, to be completed by late 2016.

16. Interim measures have been undertaken under the limited occupancy concept (as explained in paragraph 63 below) for the relocation of the functions housed in the South Annex Building and the reconfiguration of the Dag Hammarskjöld Library Building, in view of the security concerns raised by the Department of Safety and Security.

Table 1
Projected schedule of the capital master plan

	As set out in A/62/364		*As set out in A/63/477*		*As set out in A/64/346*		*As set out in A/65/511*		*As set out in A/66/527*		*As set out in A/67/350*		*As set out in A/68/352*		*As set out in A/69/360*		*As set out in present report*		
Activity	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Start*	*Complete*	*Status*
Construction of North Lawn Building	Early 2008	Mid-2009	Early 2008	Mid-2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Mid-2008	Late 2009	Completed
Secretariat Building	Early 2009	Early 2012	Early 2009	Early 2012	Late 2009	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Early 2010	Mid-2012	Completed
Conference Building	Mid-2009	Mid-2011	Mid-2009	Mid-2011	Late 2009	Late 2011	Early 2010	Early 2012	Early 2010	Late 2012	Early 2010	Late 2012	Early 2010	Early 2013	Early 2010	Early 2013	Early 2010	Early 2013	Completed
General Assembly Building	Mid-2011	Mid-2013	Mid-2011	Mid-2013	Late 2011	Late 2013	Early 2012	Late 2013	Early 2013	Mid-2014	Early 2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Mid-2013	Mid-2014	Completed
South Annex Building	Early 2011	Early 2012	Early 2011	Early 2012	Late 2011	Early 2013	Early 2012	Mid-2013	–	–	–	–	–	–	–	–	–	–	Suspended
Dag Hammarskjöld Library Building	Early 2012	Early 2013	Early 2012	Early 2013	Early 2013	Late 2013	Early 2012	Late 2013	–	–	–	–	–	–	–	–	–	–	Suspended
Completion of renovation of United Nations Headquarters	Early 2008	Mid-2013	Early 2008	Mid-2013	Late 2008	Late 2013	Mid-2008	Late 2013	Mid-2008	Mid-2014	Mid-2008	Mid-2014	Mid-2008	Late 2014	Late 2008	Late 2014	Late 2008	Late 2014	Completed
Closure of the Office of the Capital Master Plan and handover to the Office of Central Support Services																Mid-2015		Mid-2015	Completed
Demolition of temporary North Lawn Building and final landscaping															Early 2015	Late 2015	Late 2015	Late 2016	On track[a]
Security-related work at 42nd and 48th Streets															Early 2015	Late 2016	Late 2015	Late 2016	On track

[a] The demolition of the temporary North Lawn Building and landscaping will be completed by late 2016. Although this reflects a deferral as compared to the original plan, owing to the need to continue using the North Lawn Building for requirements during the 2015 general debate, this activity will be completed within the overall time frame of the capital master plan, i.e., by late 2016.

IV. Remaining post-renovation activities

17. The remaining post-renovation activities to be undertaken by the Office of Central Support Services are listed below:

(a) Demolition of the temporary North Lawn Building. This task will include the relocation of the limited remaining functions, including offices for staff of the Department of Safety and Security, classrooms and teachers' offices, touchdown space and other offices, and the removal of the building. This task will be completed by early 2016;

(b) Site landscape work, including relocation of the exterior artwork and gifts. The preparatory work for this activity was completed by the Office of the Capital Master Plan and the work itself will be initiated by the Office of Central Support Services, but it can only be completed following the completion of task (a) above;

(c) Security-related work at 42nd and 48th Streets, including reconfiguration of the north and south entrances to the Service Drive to accommodate a loading dock at 48th Street and revised traffic patterns at 42nd Street. The work can only commence after the issuance of the necessary permits by the host city. It will require up to 12 months of construction time and is expected to be completed in late 2016.

V. Accountability

18. The capital master plan project was managed by the Office of the Capital Master Plan, with strategic guidance provided by the Office of the Under-Secretary-General for Management, which is responsible for the successful delivery of the capital master plan and has maintained a proactive role in monitoring and supervising the progress of the project to ensure that the remaining portions of the project are delivered on schedule and that project costs are well controlled and any risks are managed and mitigated.

19. In addition to the managerial arrangements discussed above, and as directed by the General Assembly in its resolution 57/292, the Secretary-General and the project's management team benefited from advice from an expert board of architects established by the Secretary-General in December 2009. The members of the Advisory Board for the Capital Master Plan were Kent Barwick (United States of America), Susan Kibue (Kenya), Stefan Kurylowicz (Poland), K.T. Ravindran (India), Anna Torriani (Switzerland) and Jaime Zettel (Brazil). The Advisory Board met nine times during the life of the project and provided detailed input to and feedback on the design and construction in progress.

20. Upon the closure of the Office of the Capital Master Plan in July 2015, the responsibility and accountability for certain post-renovation construction activities within the original project scope, together with other administrative tasks, have been transferred from the Office of the Capital Master Plan to the Office of Central Support Services.

21. The Under-Secretary-General for Management has been kept up to date on all the arrangements for the transition and is overseeing the orderly and timely conclusion of any remaining activities. To ensure an appropriate accountability mechanism, the Under-Secretary-General for Management continues to provide

overall supervision and is accountable for the completion of the residual activities of the capital master plan.

22. The Assistant Secretary-General for Central Support Services, who reports to the Under-Secretary-General for Management, has been entrusted with and is accountable for the day-to-day management of the remaining activities, updating the Under-Secretary-General on a weekly basis on their status and providing updates to the Management Committee.

23. As part of the close-out of the Office of the Capital Master Plan, numerous handover meetings were held between the Office of the Capital Master Plan and the Office of Central Support Services to discuss all the issues associated with the handover and maintenance of systems and equipment upon their completion and installation by the construction company. The Office of Central Support Services staff attended weekly meetings of the Office of the Capital Master Plan during the transition period in order to ensure a smooth and comprehensive handover of all responsibilities for the remaining activities of the capital master plan.

24. The Office of Central Support Services is responsible for managing the execution of the remaining scope. As part of the succession planning, technical and substantive expertise gained by staff of the capital master plan was retained by transferring them to supplement staff in the Office of Central Support Services for the completion of the remaining scope.

25. In addition, the Board of Auditors will continue to review and audit the financial aspects of the capital master plan as part of the financial statements until the final close-out of the accounts, which will occur after the last payments to the vendors are made. In addition, the Board of Auditors will undertake a substantive audit of the remaining activities of the capital master plan in the biennium 2016-2017.

VI. Benefits of the capital master plan

26. The capital master plan delivered the results and benefits expected by the Member States in accordance with relevant resolutions of the General Assembly. Prior to the capital master plan project, the conditions of the Headquarters complex rendered it unacceptable for continued use over the long term. Key buildings systems, including mechanical, electrical and waterproofing components, had severely deteriorated because of age and prolonged usage. Moreover, performance standards, codes and user expectations had all risen since the construction of the Headquarters complex, and the buildings no longer met minimum modern standards with respect to fire safety, security, energy conservation or accessibility for all persons. Because of such concerns, in September 2008 the host city issued a directive prohibiting visits to the Headquarters site by New York City public school students.

27. Problems included major leaks, falling concrete, cracked pipes, exploding steam valves, electrical failures, energy loss through ageing windows, inaccurate fire-alarm signals and incomplete or non-existent fire-sprinkler systems. Energy consumption costs were rising and it was estimated that 25 per cent of steam use was wasted through leaking valves or rusted piping. There were few energy sensors or controls at the Headquarters site. Substandard fire protection systems, the large

quantity of asbestos and the deficient security infrastructure could have had disastrous consequences.

28. The capital master plan rectified the aforesaid deficiencies through major repair and refurbishment to provide a safe, secure, appropriate and energy-efficient facility for the conduct of the vital business of the Organization. In addition, the aesthetic benefits of the project are reflected in a more comfortable, pleasant and ergonomic environment in the office spaces and meeting rooms and chambers. The restoration of the significant historic elements of the campus ensures that the United Nations Headquarters complex will be preserved for future generations.

29. The core refurbishments carried out under the capital master plan included:

(a) Installation of elements against blast and terror attacks;

(b) Elimination of all asbestos and hazardous materials from the campus and upgrading of all the infrastructure, which created a safer, healthier and cleaner environment;

(c) Installation of a full sprinkler system and a complete fire alarm system;

(d) Replacement of the heating, ventilation and air conditioning systems;

(e) Upgrading of electrical wiring and panels;

(f) Replacement of lighting and ceilings;

(g) Refurbishment or replacement of damaged finishes;

(h) Consolidation and modernization of data-distribution systems;

(i) Improvements in signage, and bathroom and elevator upgrades.

30. Owing to the intergovernmental and legal status of the United Nations, the Headquarters is not landmarked by any single Government or jurisdiction. Because of this, the historic preservation of the United Nations Headquarters complex has been a voluntary decision taken by the General Assembly. The Headquarters site was worthy of a high level of restoration because it is such an iconic facility, so well known throughout the world. Each chamber required the careful restoration of each historic surface. All wooden desks, chairs, battens, trim and other objects were removed, stripped to the raw wood and then refinished. Years of dirt and grime were removed from all surfaces.

31. After the completion of the capital master plan, the Headquarters complex is energy efficient, free of hazardous materials and compliant with host city building, fire and safety codes, and provides full accessibility to all persons, as further detailed below:

(a) The Headquarters complex meets all reasonable, modern-day security requirements;

(b) The original architecture of this landmark facility was preserved to the greatest extent possible, as discussed in the preceding paragraph;

(c) The most cost-effective and technologically viable means of implementation were selected and installed for all repair and refurbishment, resulting in:

(i) A minimum 50 per cent reduction in energy consumption;

(ii) A 45 per cent reduction in greenhouse gas emissions related to energy consumption (measured, in accordance with the World Resources Institute greenhouse gas protocol, as the combined effects of carbon dioxide, nitrous oxide and methane, reported in carbon dioxide equivalents);

(iii) A 40 per cent reduction in freshwater consumption (the same level of reduction reported in the previous report).

(d) The reductions in energy consumption were achieved mainly through various key initiatives, including:

(i) Replacement of the ageing and leaky exterior glass facades, which had reached the end of their useful life and required replacement for safety and security reasons;

(ii) Replacement of deteriorated and inefficient cooling equipment, which was also at the end of its useful life;

(iii) Installation of new electronic building management systems, which control energy usage by remote, programmable means and prevent waste;

(iv) Installation of new, high-efficiency lighting.

32. The reductions in freshwater consumption were achieved by installing:

(a) New low-flow and/or metered-flow lavatories, urinals and toilets;

(b) A new high-efficiency landscape irrigation system.

33. In addition, the renovated Headquarters complex was evaluated against various national rating systems around the world that measure the level of sustainability of building projects.[2,3] The Headquarters complex in its entirety was evaluated as equivalent to "Gold" certification under the LEED methodology, and the Secretariat Building was rated at the "Platinum" level. The Headquarters complex also received the equivalent of the following high-level ratings: "Very good" under the BREEAM methodology, "A" under the CASBEE methodology, and "Four stars" under the Green Star methodology.

34. The capital master plan also improved physical accessibility to and in the Headquarters compound, which is now fully accessible to and usable by individuals with disabilities. The major areas of improvement achieved are:

(a) Entrances (including power-assisted doors at all major entrances);

(b) Horizontal circulation within the building, whereby doors will have proper adjacent spacing, width and pressure;

(c) Vertical transportation, with all elevators accessible and controls situated at appropriate heights;

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[2] The system used in the United States of America is known as Leadership in Energy and Environmental Design (LEED). In the United Kingdom of Great Britain and Northern Ireland, the evaluation system is known as the Building Research Establishment Environmental Assessment Method (BREEAM). The system used in Japan is known as the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) and that of Australia is known as Green Star.

[3] Because of the international status of the United Nations, certification of the capital master plan project was not sought from any national system.

(d) An appropriate number of fully accessible toilet facilities;

(e) Life safety systems, including speakers/strobes;

(f) Signage at required minimum sizes, as well as Braille signage in English and French for all permanent information;

(g) Enhanced support for T-switch-equipped assisted-listening devices, which enable direct transmission to assisted-hearing devices;

(h) Podiums in all conference rooms have been lowered enough to allow ramp access.

VII. Oversight and audits

35. The Board of Auditors and the Office of Internal Oversight Services (OIOS) continued their audit work during the period since the issuance of the previous annual progress report.

36. The Board of Auditors audited the capital master plan project from March to May 2015. In its annual report on the audit of the capital master plan for the 12-month period ended 31 December 2014 (A/70/5 (Vol. V)), the Board concluded that the substantial completion of the capital master plan by September 2014 was a significant achievement given the project's complexity and its difficult start.

37. The cost structure analysed by the Board included the capital master plan project costs, the enhanced security upgrades project scope, the donations scope, the associated costs and the secondary data centre costs. The Board reported that the anticipated consolidated final cost of the capital master plan was $2,309 million,[4] which represented a reduction of $65 million attributable to the exclusion of the renovation of the Dag Hammarskjöld Library Building and the South Annex Building from the scope of the capital master plan.

38. OIOS undertook several audits of the Office of the Capital Master Plan and issued separate audit reports on the guaranteed maximum price contracts for the renovation of the General Assembly Building and the Secretariat Building. In addition, OIOS issued an audit report on the overall close-out of the capital master plan. The results of the audits of the guaranteed maximum price contract for the General Assembly Building and of the close-out of the capital master plan were satisfactory. Further to the responses provided by the Administration, OIOS closed the two recommendations included in its audit of the guaranteed maximum price contract for the Secretariat Building.

39. Positive action has been taken by the administration in response to the recommendations of the Board of Auditors and OIOS, the implementation of which is described in section VIII below.

[4] Including $4 million related to the secondary data centre which was funded from the support account for peacekeeping operations.

VIII. Implementation of the recommendations of the Board of Auditors and the Office of Internal Oversight Services

A. Recommendations of the Board of Auditors

40. In its report on the audit of the capital master plan for the year ended 31 December 2014 (A/70/5 (Vol. V)), the Board of Auditors concluded that the substantial completion of the capital master plan by September 2014 was a significant achievement given the project's complexity and its difficult start. The Board also acknowledged that cost and time overruns that had occurred over the life of the project had been contained more successfully in recent years.

41. The Board noted that of nine recommendations for the periods ended 31 December 2012 and 31 December 2013, two (22 per cent) had been fully implemented, five (56 per cent) were under implementation, one (11 per cent) had not implemented and one (11 per cent) had been closed by the Board.

42. The Board indicated that, as the project was nearing completion and the amount of work remaining was significantly reduced, the corresponding level of funding risk was commensurately reduced. Although previous recommendations might no longer remain as important in the context of the capital master plan, they were highly relevant and important for the successful delivery of future capital projects, and for the delivery of the remaining works in scope.

43. The Board recognized positive developments in the areas of flexible working strategies, the risk-based approach to determining, allocating and reporting contingency funds, the asset investment strategy, the review of maintenance arrangements and the application of independent project assurance.

44. The Board specifically highlighted the significant achievement of the administration in substantially completing work on the General Assembly Building in time for the general debate to be held in it in September 2014, in view of the disruption caused by earlier project delays and the impact of Storm Sandy.

45. The Board's recommendations for the period ended 31 December 2014 were focused on the five following primary areas:

(a) Continuing to closely manage the remaining works to ensure delivery by December 2016 within budget;

(b) Managing and reporting that the project's outcomes have been delivered, including the financial and non-financial benefits expected and achieved from the investment in the capital master plan;

(c) Accelerating closure of the remaining capital master plan contracts to increase certainty around final project costs and to release any potential savings;

(d) Reporting the full amount of any savings arising from contract closure and introducing appropriate governance mechanisms to determine the use that can be made of such savings, including specific consideration of returning savings to Member States;

(e) Applying wider learning from the capital master plan, including lessons documented in the Board's recent lessons learned report, to future major projects.

46. With regard to the recommendation in paragraph 44 (e) above, the lessons learned from the capital master plan were incorporated by the Office of Central Support Services in a comprehensive set of lessons learned from recent projects undertaken by the Organization, annexed to the Secretary-General's report on the strategic capital review (A/69/760, annex II). In addition, the Office will include the list in the global guidelines for the management of construction projects, scheduled to be issued by the end of 2015. Additional applicable lessons learned from the Board of Auditors' recent lessons learned report will be incorporated therein as well.

B. Recommendations of the Office of Internal Oversight Services

47. The results of the audit by OIOS of the guaranteed maximum price contract for the General Assembly Building were satisfactory and IOIS did not include recommendations in its report. OIOS found that (a) the procurement of trade contractors by the construction company was effective, (b) the Office of the Capital Master Plan exercised adequate controls over invoice processing and (c) the controls over change orders were adequate.

48. The audit by OIOS of the guaranteed maximum price contract for the Secretariat Building originally included two recommendations which were subsequently closed in view of their full implementation by the Office of the Capital Master Plan. The deficiencies identified by the commissioning consultants were rectified and the remaining drawings and manuals that had to be provided were obtained and the retainage that was withheld until the delivery of such documents was released. It was acknowledged that punch-list items had been evaluated and rectified. It was also found that the process for preparation of the draft financial close-out statement was adequate.

49. The results of the audit by OIOS of the closure of the Office of the Capital Master Plan were satisfactory and the report did not include recommendations. OIOS found that (a) a close-out plan was in place and anticipated delays in closing guaranteed maximum price contracts were adequately addressed, (b) there were adequate arrangements for monitoring and overseeing the close-out plan, (c) the drawdown of human resources was generally conducted in line with the current staff rules and regulations, (d) arrangements were in place to maintain the new systems handed over to the Office of Central Support Services and (e) arrangements were in place for the archiving of records.

IX. Donations programme of the capital master plan and solicitation of voluntary contributions

50. As reported to the General Assembly in previous annual progress reports, the Secretariat collaborated with a number of permanent missions that expressed interest in providing additional voluntary contributions to the capital master plan in order to be identified as the donor of a specific room or space at Headquarters. The establishment of the donations programme for the capital master plan was in accordance with the decision taken by the General Assembly in its resolutions 63/270 and 64/228.

51. Since the issuance of the twelfth annual progress report, a number of spaces sponsored by Member States were inaugurated or rededicated in the General Assembly Building, including the Café Austria (Austria), the new lounge on the second floor to the south of the Plenary Hall (China), new furniture for a sitting area on the second balcony (Bangladesh) and the addition of a design element to an existing donation on the first floor adjacent to the delegates' entrance (New Zealand). In addition to the aforementioned new donations, the Secretariat cooperated with two Member States (Finland and Thailand) to renew past donations of lounge furniture which was placed in the General Assembly Building. The Secretary-General is thankful to all Member States that participated in the donations programme.

52. As at 30 June 2015, the donations received from Member States amounted to $114.3 million. In addition, in-kind contributions received from Member States were evaluated at $2.5 million. Since the issuance of the twelfth annual progress report, voluntary cash contributions in the total amount of $410,000 were received from Member States for the conservation and maintenance of prior gifts.

X. Artwork and gifts

53. The renovation of the General Assembly Building required the removal of artworks that had been donated to the Organization over the years, primarily by Member States. A significant number of gifts situated indoors were relocated to the temporary North Lawn Building during the renovation period. In some cases, the original donor Member State agreed to retrieve the gifts for the purpose of restoration or cleaning.

54. Following the reopening of the renovated General Assembly Building in September 2014, the Secretariat worked closely with a number of Member States which had previously donated works of art to the Organization for the reinstallation and rededication of such works, including Armenia (the khachkar), Brazil (the War and Peace murals by Candido Portinari), Estonia (the installation entitled "Mother tree"), the Islamic Republic of Iran (carpets donated in 1953 and 2005), Kuwait (the Kuwaiti dhow), Latvia (the textile entitled "Hope"), Mexico (the Fraternidad mural, by Rufino Tamayo), Saudi Arabia (the kiswa) and Senegal (the tapestry entitled "Maagala tuuba").

55. The Secretary-General is extremely appreciative of the efforts undertaken by those Member States that retrieved gifts for conservation, cleaning and storage during the course of the capital master plan.

XI. Security concerns regarding the Dag Hammarskjöld Library Building and the South Annex Building

56. In section VIII, paragraph 11, of its resolution 69/274, the General Assembly requested the Secretary-General to engage in high-level conversations with the host city with a view to addressing the pending security concerns in relation to the Dag Hammarskjöld Library and the South Annex Buildings and to report on that matter in the context of the thirteenth annual progress report on the capital master plan.

57. In the light of studies undertaken to evaluate the resilience of the buildings to threats from adjacent roadways (see A/65/511, para. 78), it was determined that neither building could be successfully renovated, within reasonable costs, to achieve safe occupancy. This is attributable to the structure of the buildings themselves, which are relatively lightweight, and their proximity to the FDR Drive off-ramp.

58. As a result, as reported to the General Assembly in the ninth to twelfth annual progress reports (A/66/527, A/67/350, A/68/352 and A/69/360), design of the renovation of the two buildings was suspended.

59. In response to the request made by the General Assembly in its resolution 69/274 in April 2015, the Secretariat renewed its efforts to seek an understanding on measures which should be taken by the host country and the host city with a view to mitigating security concerns along 42nd Street. No further progress had been made on this matter at the time of submission of the present report.

60. In section VIII, paragraph 13, of resolution 69/274, the General Assembly requested the Secretary-General to submit, in the thirteenth annual progress report, measures being taken as well as those envisaged for the relocation of functions currently housed in the Dag Hammarskjöld Library and South Annex Buildings.

61. In paragraph 77 of the twelfth annual progress report (A/69/360), the Secretary-General informed the General Assembly of his intention to seek interim measures for the relocation of the functions housed in both buildings that would preserve the minimal functionality to safeguard and protect the Organization's staff and ensure continuity of functions.

62. Accordingly, in early 2015, the Secretariat commenced the planning and construction process to implement the relocation of some of the functions currently housed in those buildings in the most cost-efficient way and to limit the occupancy of the Library Building, as recommended by the Department of Safety and Security.

63. Limited occupancy is interpreted to consist of limited presence of staff in locations on the north side of the Library Building, with the south side reserved for non-staff use, such as storage of equipment and library materials. Limited occupancy precludes the use of the auditorium and the cafeteria, and large gatherings in the Library's fourth floor penthouse.

64. The classrooms and some offices previously located in the South Annex Building were relocated to the original North Lawn Extension Building, in the third basement area under the temporary North Lawn Building, and the interpreters' lounge and touchdown space were relocated to the 15th floor in the Secretariat Building.

65. In accordance with recommendations by the Department of Safety and Security, the Secretariat closed the main cafeteria in the South Annex Building in July 2015. Prior to the closure, the Secretariat worked with the food service vendor to create alternative food service arrangements which, as at the date of preparation of the present report, consisted of: (a) re-establishment of food service at the southern end of the fourth floor of the Conference Building, including pickup for online ordering (in the former location of the Staff Café); (b) establishment of a grab-and-go food service on the first basement level of the Secretariat Building (in the area formerly occupied by the Postal Service); and (c) establishment of an

online pickup and coffee and snack service at the northern end of the Secretariat lobby.

66. The limited occupancy concept is considered an interim solution that is independent of a long-term arrangement, yet compatible with all options previously presented to the General Assembly for long-term accommodation needs.

67. The cost of the interim arrangements for the Library and South Annex Buildings as detailed above is estimated at $14 million, which has been met in full within the approved budget of the capital master plan. Of the $14 million estimated cost, $5 million were for alternative food service facilities, $4 million were for reconfiguration of the Library Building and $5 million were for the creation of alternative classrooms and lounge space on the third basement level.

68. Mindful of the request contained in section VIII, paragraph 12, of Assembly resolution 69/274 and taking into account the unresolved nature of the security concerns regarding the Library and South Annex Buildings, the Secretary-General remains of the view that unless such security concerns are resolved, the interests of the Organization would be best served through the incorporation of the library and cafeteria programmes in the future decision of the Assembly regarding long-term accommodation at Headquarters, as expressed in paragraph 76 of the twelfth annual progress report (A/69/360).

XII. Financial status of the capital master plan project

A. Status of assessments and sources of funding for the capital master plan

69. In section VIII, paragraph 15, of its resolution 69/274, the General Assembly noted the final cost of the capital master plan project as $2,304.8 million, as presented by the Secretary-General in the twelfth annual progress report on the implementation of the capital master plan (A/69/360). Excluding the associated costs and the cost of the secondary data centre borne by the capital master plan ($154.8 million), the project costs amounted to $2,150.0 million. In paragraph 14 of the same resolution, the Assembly affirmed its commitment to the renovation of the Dag Hammarskjöld Library and the South Annex Buildings, and requested the Secretary-General to submit for its consideration and approval future proposals relating to the renovation of those two buildings as separate projects outside of the scope of the capital master plan.

70. Accordingly, the scope of the capital master plan project comprises (a) the original renovation work approved by the General Assembly, excluding the construction works of the Dag Hammarskjöld Library and the South Annex Buildings in accordance with General Assembly resolution 69/274, (b) the enhanced security upgrades project, which is fully funded by the host country, and (c) additional scope requested under the capital master plan donations programme, which is also fully funded.

71. As at 30 June 2015, there is no anticipated increase in the overall project budget. The expected cost to complete the scope of the capital master plan is $2,150.4 million, including $0.4 million of additional voluntary contributions

received from some Member States since the issuance of the last annual progress report.

72. The total approved funding for the capital master plan project amounts to $2,150.4 million, comprising: (a) appropriations for the original project scope of $1,876.7 million, (b) donations of $14.3 million, including $0.4 million received since the last annual progress report, (c) interest income and the capital master plan working capital reserve amounting to $159.4 million and (d) funding of $100.0 million for the enhanced security upgrades.

73. The funding in the amount of $2,150.4 million has been applied in full to the renovation activities to meet contractual obligations as they fall due for payment.

74. At an anticipated final cost of $2,150.4 million, compared to the approved original budget of $1,876.7 million plus voluntary contributions totalling $114.3 million, the project resulted in a cost overrun of $159.4 million, or 8 per cent.

75. Table 2 compares the total approved funding for the capital master plan project with the expected cost to complete the project.

Table 2

Comparison of the funding for the capital master plan project and the expected cost to completion, as at 30 June 2015

(Millions of United States dollars)

Description	*Amount*	*References*
Total appropriations from 2004 to 2011	1 876.7	Resolutions 57/292, 59/295, 60/248, 60/256, 60/282, 61/251, 62/87 and 64/228
Voluntary contributions	14.3	Received under the capital master plan donations programme
Use of interest income (up to the end of 2015) and the capital master plan working capital reserve	159.4	Resolutions 66/258, 67/246 and 68/247 A
Funding for the enhanced security upgrades	100.0	Contribution by the host country
Total funding available	**2 150.4**	
Project cost of original renovation and scope, including the donations programme	2 050.4[a]	
Cost of enhanced security upgrades	100.0	
Total project cost to completion	**2 150.4**	

[a] This represents a reduction of $64.6 million as compared with the figure contained in the previous progress report (A/69/360, table 3). The reduction of $64.6 million reflects the net result of: (i) a decrease of $65 million due to the exclusion of the Dag Hammarskjöld Library and South Annex Buildings from the scope of the capital master plan, as approved by the General Assembly in its resolution 69/274; and (ii) an increase of $0.4 million in voluntary contributions, received since the last progress report.

76. As at 30 June 2015, an amount of $0.4 million in assessments remained unpaid to the capital master plan for 2011 and prior periods. Voluntary contributions have been paid in full. The Secretary-General is very much appreciative of all the

contributions received from Member States, which have contributed to the successful implementation of the capital master plan.

B. Interest income, working capital reserve and cash balance

77. The amount of interest to be accrued on the balance of capital master plan funds by 31 December 2015 is expected to be $114.4 million. In accordance with section IV of General Assembly resolution 68/247, the balance of the interest income up to the end of 2015 and the working capital reserve of $45 million are being applied to the remaining cash balance for the corresponding remaining requirements of the capital master plan.

C. Capital master plan project expenditure and requirements for the remaining project period

78. The estimated final cost of the capital master plan project is $2,150.4 million. As at 30 June 2015, cumulative expenditure incurred amounted to $2,137.9 million, indicating that 99.4 per cent of the estimated cost to completion has been expended and committed. The latest status of the capital master plan expenditure and remaining requirements is summarized in table 3.

Table 3
Capital master plan project expenditure and requirements until completion, as at 30 June 2015
(Thousands of United States dollars)

	Expenditure	*Remaining requirements*	
Description	*From project inception to June 2015*	*From July 2015 to project completion*	*Total*
Capital master plan project			
Design contractual services	168 828.5		168 828.5
Staff costs for the Office of the Capital Master Plan	32 409.4	1 712.6	34 122.0
Support staff costs	15 107.6[a]	141.0[b]	15 248.6
Operating and other costs	12 545.6	510.0[c]	13 055.6
Programme management and other consultants	52 929.8	3 316.0	56 245.8
Construction and pre-construction	1 364 646.3	49 702.5	1 414 348.8
Swing space costs (including rent)	554 600.8	–	554 600.8
Subtotal	**2 201 068.0**	**55 382.1**	**2 256 450.1**
Prior-period adjustments	9 204.0	–	9 204.0
Adjusted project expenditure	**2 210 272.0**	**55 382.1**	**2 265 654.1**

Description	Expenditure: From project inception to June 2015	Remaining requirements: From July 2015 to project completion	Total
Savings from cancellation of obligations	(172 371.1)	(42 900.0)	(215 271.1)
Subtotal	**2 037 900.9**	**12 482.1**	**2 050 383.0**
Enhanced security upgrade project	100 000.0	–	100 000.0
Total, capital master plan project expenditure	**2 137 900.9**	**12 482.1**	**2 150 383.0**

[a] Secretariat staff from the Department of Safety and Security, the Office of Legal Affairs, the Office of Central Support Services (Procurement Division), the Office of Internal Oversight Services and the Office of Programme Planning, Budget and Accounts (Accounts Division) assigned to the capital master plan.
[b] Secretariat staff from the Office of Programme Planning, Budget and Accounts (Accounts Division) and the Office of Central Support Services (Procurement Division).
[c] Board of Auditors and operating costs.

79. Table 3 illustrates that the requirements for the project from July 2015 to project completion are estimated at $55.4 million, or $12.5 million net after the application of $42.9 million of savings resulting from the cancellation of obligations.

80. The estimated remaining requirements relate to the post-renovation activities and interim arrangements for the Library and South Annex Buildings, as described in section XI above, as well as the closure and final reconciliation of all remaining contracts. As the project is nearing completion and over 99 per cent of the approved project funds have been expended, no potential increases in project costs or changes in the volume and scope of the works are anticipated at this time.

81. In July 2015, however, the Organization received a notice of arbitration as a third-party respondent to a dispute between the construction manager, Skanska, and one of its electrical trade subcontractors. As of the date of preparation of the present report, the Office of Legal Affairs was reviewing the matter and making arrangements for outside counsel to represent the Secretariat in the event the matter proceeds to arbitration pursuant to the arbitration rules of the United Nations Commission on International Trade Law.

XIII. Associated costs and secondary data centre

82. The overall associated costs expenditure amounts to $139.7 million as at 30 June 2015. Compared to that reported in the last progress report (A/69/260, annex II), this represents a reduction of $0.1 million owing to lower expenditure under the Office of Central Support Services and higher savings from cancelled obligations. No further expenditure is expected beyond June 2015.

Table 4
Summary of associated costs expenditure by department and office, net of savings from cancellation of prior-period obligations
(Thousands of United States dollars)

Department office	*Total expenditure as of 30 June 2015*
Department for General Assembly and Conference Management	2 911.1
Department of Public Information	24 253.8
Office of Central Support Services	27 453.5
Office of the Capital Master Plan	49 512.8
Office of Information and Communications Technology	2 615.5
Construction (Office of Information and Communications Technology)	6 185.4
Department of Safety and Security	26 808.2
Total	**139 740.3**[a]

[a] The reduction of $71,700 compared to the associated costs estimated in document A/69/360 resulted from lower expenditure ($71,300) under general temporary assistance in the Office of Central Support Services due to the early departure of the incumbent of one P-4 position (given the short work period remaining, the work was redistributed among existing staff) and higher savings ($400) from cancellation of obligations under the Department of Safety and Security. These amounts will be included in the residual fund balance to be returned to Member States, as explained in paragraph 87 below.

83. The final cost of the secondary data centre, net of savings from cancellation of obligations, is $19.3 million.

84. The associated costs ($139.7 million) and the cost of the secondary data centre ($19.3 million), totalling $159.0 million, are funded from: $4.2 million related to the secondary data centre from the support account for peacekeeping operations, in accordance with General Assembly resolutions 63/269 and 64/228; and $154.8 million in accordance with section VIII, paragraph 16, of Assembly resolution 69/274.

XIV. Consolidated expenditure and requirements

85. As shown in table 5, the total consolidated expenditure as at 30 June 2015, which comprises the capital master plan project expenditure of $2,137.9 million as discussed in section XII.C above, together with the associated costs of $139.7 million and the cost of the secondary data centre of $19.3 million (inclusive of $4.2 million funded from the support account for peacekeeping operations), amounts to $2,296.9 million.

86. The consolidated requirements from July 2015 to project completion amount to $12.5 million as explained in section XII.C above, leading to final consolidated requirements of the capital master plan of $2,309.4 million.

Table 5
Consolidated expenditure as at 30 June 2015 and projected requirements until project completion
(Thousands of United States dollars)

Description	*From project inception to June 2015*	*From July 2015 to project completion*	*Total*
Project costs			
Capital master plan project	2 037 901	12 482	2 050 383
Enhanced security upgrade	100 000	–	100 000
Subtotal	**2 137 901**	**12 482**	**2 150 383**
Non-project costs			
Associated costs	139 740		139 740
Secondary data centre	15 040		15 040
Subtotal	**154 780**		**154 780**
Consolidated total	**2 292 681**	**12 482**	**2 305 163**
Portion of secondary data centre funded from the support account for peacekeeping operations	4 228		4 228
Consolidated total, including portion funded from the support account for peacekeeping operations	**2 296 909**	**12 482**	**2 309 391**

87. The fourteenth annual progress report on the capital master plan will be submitted to the General Assembly at the main part of its seventy-first session. It is anticipated that the financial close-out of the capital master plan will be conducted after the remaining post-renovation activities have been completed and last payments to the vendors have been made, following which the Secretary-General would submit a final report to the General Assembly at the main part of its seventy-second session. Should there be a residual balance from the project funds and the associated costs, the amounts would be reported in the final financial statements and a proposal as to how the amounts could be returned to Member States included in the final report of the Secretary-General on the capital master plan.

XV. Action to be taken by the General Assembly

88. **The Secretary-General recommends that the General Assembly:**

(a) **Take note of the progress made since the issuance of the twelfth annual progress report;**

(b) **Request the Secretary-General to submit to it at the main part of its seventieth-first session the fourteenth annual progress report on the status of the project, the schedule, the aggregate estimated cost to completion, the status of contributions, interest and the working capital reserve.**